

Invesco EQV European Equity Fund

Q1 2024

Key takeaways

- 1 The fund underperformed its benchmark**
Class A shares underperformed the MSCI Europe Index. Stock selection in financials, consumer discretionary and information technology (IT), as well as underweights in financials and IT, detracted from relative performance for the quarter.
- 2 Bottom-up stock selection focused on EQV (Earnings, Quality, Valuation) characteristics**
During the quarter, we initiated three new positions and exited one stock based on our EQV fundamentals. Our actively managed, bottom-up stock selection drives the fund's sector and country allocations.
- 3 We remain focused on a long-term investment horizon**
Regardless of the macroeconomic environment, we remain focused on applying our well-established, long-term, bottom-up EQV investment process that seeks to identify attractively valued, high quality growth companies.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	484.96
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Portfolio managers

Borge Endresen, Mark McDonnell, Richard Nield

Manager perspective and outlook

- Global equity returns were mostly positive for the first quarter, with developed equities outperforming emerging market equities. While UK and European equities had positive returns, they lagged Japanese and US equities, which were among the best-performing developed markets. US equities were led by mega-cap growth stocks. UK equities were weaker due to the slowing UK economy and the UK market's value bias as growth stocks were more in favor. Regarding monetary policy, the Swiss National Bank was the first developed central bank to start cutting interest rates as inflation forecasts were revised downward. The Bank of England and European Central Bank held rates steady.
- Though global markets have moved higher on improving investor confidence, we believe it is important to acknowledge that monetary policy remains uncertain and there is no guarantee of a soft economic landing. Potential risks in 2024 include ongoing geopolitical tensions and elections around the globe. Following robust global equity returns, these potential risks may create market headwinds and may increase volatility as investors look for confirmation of a positive market transition. Consequently, we believe equity investors may focus on the type of high quality and traditional investment fundamentals that are central to the fund's balanced EQV investment philosophy.



Top issuers

(% of total net assets)

	Fund	Index
Novo Nordisk A/S	4.52	3.78
Investor AB	3.78	0.39
ASML Holding NV	3.14	3.52
RELX PLC	3.12	0.74
Richter Gedeon Nyrt	2.82	0.00
ICON PLC	2.81	0.00
Nestle SA	2.79	2.57
Deutsche Boerse AG	2.71	0.35
LVMH Moet Hennessy Louis Vuitton SE	2.71	2.25
Schneider Electric SE	2.60	1.12

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

During the quarter, we initiated positions in the following stocks:

Coloplast is a Danish developer of ostomy, continence, laryngectomy and interventional urology products and services. We believe Coloplast's organic growth may reaccelerate after a few challenging years, supported by several new product launches and the recent acquisition of Kerecis (specialized wound care company). We took advantage of a decline in the stock's price to initiate a position.

Rentokil Initial is a British pest control company. The pest control industry has defensive and recurring revenues, and cash returns historically tend to be reasonable and stable. Large operators also tend to have scale advantages over small operators. We initiated a position in Rentokil due to what we saw as its attractive valuation as the market appears in our view overly focused on near-term potential risks related to the company's recent acquisition of Terminix.

London Stock Exchange Group (LSEG) is a British financial markets information services and market infrastructure company that owns London Stock Exchange, FTSE Russell, Refinitiv and majority stakes in Tradeweb and London Clearing House (LCH). We believe LSEG has had a much-improved business model since the Refinitiv acquisition as a larger contribution from higher quality data and analytics solutions drives recurring revenue.

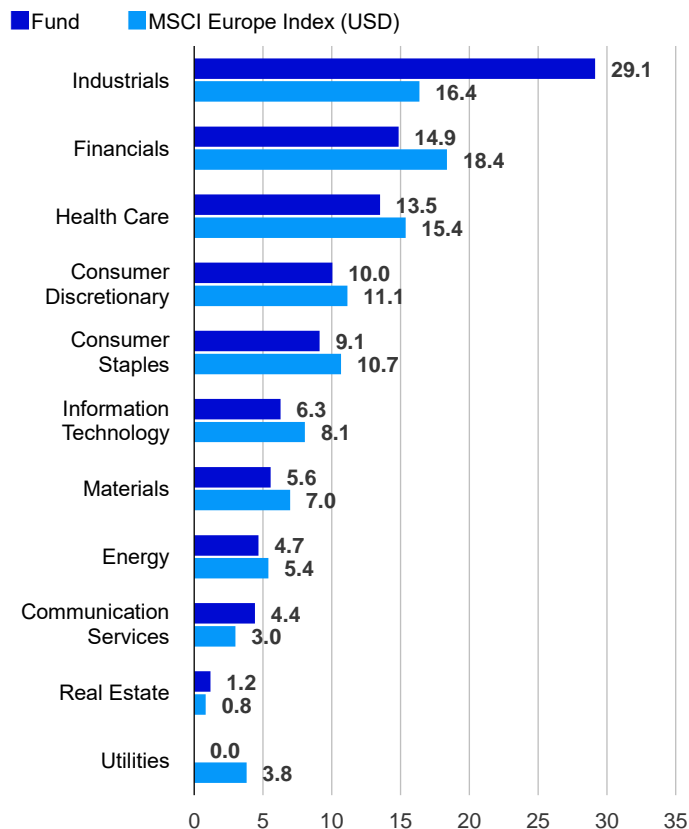
We added to several of the fund's existing positions, including Dutch/British energy company **Shell** due to what we saw as its attractive valuation, and French semiconductor chipmaker **STMicroelectronics**, which we bought in the fourth quarter 2023.

We sold the following stock:

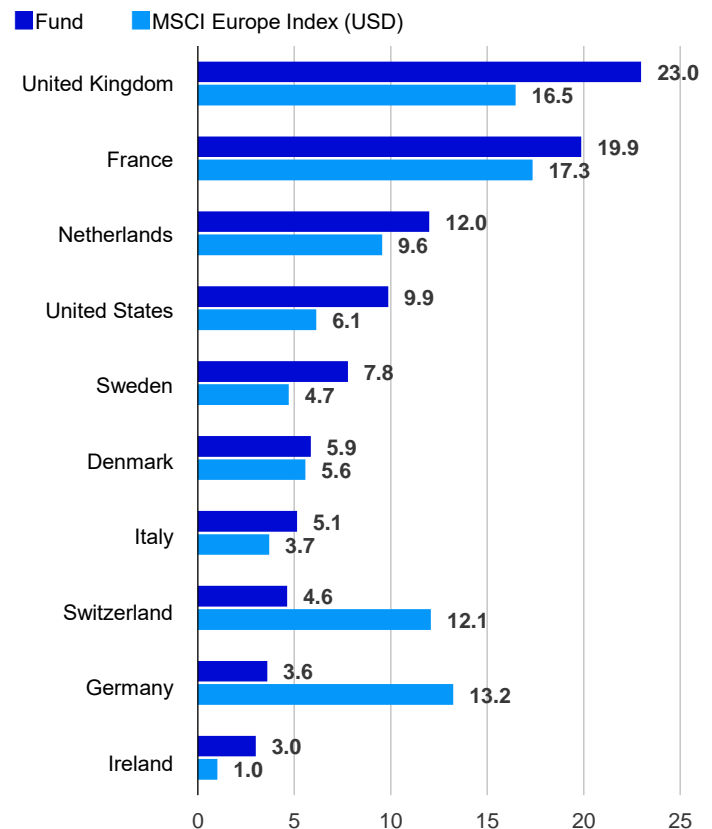
Amadeus IT is a Spanish travel technology company. Deteriorating earnings and quality led us to exit the position to make way for better EQV opportunities.

We trimmed fund positions in several other stocks, including Dutch brewing company **Heineken** and British consumer goods company **Reckitt Benckiser**. We trimmed Heineken because the company's earnings outlook has been pressured by weak consumer spending combined with macroeconomic pressures in key markets such as Vietnam. We trimmed Reckitt due to deterioration in earnings and quality.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Novo Nordisk A/S	24.22	0.91
ASML Holding NV	28.15	0.77
CRH public limited company	25.24	0.53
ICON plc	18.72	0.48
Schneider Electric SE	12.71	0.31

Top detractors (%)

Issuer	Return	Contrib. to return
Nestle S.A.	-8.29	-0.31
Roche Holding AG	-8.61	-0.21
Hays plc	-13.45	-0.19
Reckitt Benckiser Group plc	-16.57	-0.18
Amadeus IT Group SA	-12.24	-0.18

Performance highlights

Fund holdings in materials and health care outperformed those of the benchmark index, adding to relative return. Having no exposure in utilities added to relative results. Stock selection in communication services also contributed to relative return. Geographically, fund holdings in the US (categorized by country of risk), stock selection in Sweden and Denmark, and an underweight in Switzerland all contributed to relative return.

Conversely, stock selection and an underweight in financials detracted from relative results. Fund holdings in consumer discretionary underperformed those of the benchmark index, detracting from relative return. An underweight and stock selection in IT also detracted from relative performance. Geographically, stock selection in Germany, Italy and Spain detracted from relative return, as did underweights in Germany and Spain.

Contributors to performance

Below are the largest contributors to absolute return for the quarter:

Novo Nordisk is a Danish pharmaceuticals business exposed to strong structural growth trends tied to rising incidence of diabetes and obesity. Novo has benefited from strong demand for its differentiated GLP-1 products for diabetes and more recently from accelerating demand for Wegovy, its GLP-1 drug to treat obesity.

ASML is a Dutch global leader in the semiconductor lithography industry. ASML has benefited from strong recovery in order

bookings, driven by both logic and memory. The memory segment has benefited from greater demand for high bandwidth memory (HBM) to support substantial investment in artificial intelligence/machine learning technologies.

CRH is a leading producer of construction materials, including aggregates and cement. CRH has benefited from increased public sector demand (infrastructure projects) and non-residential demand (led by onshoring and technology/data center investments), particularly in the US. Trends in Europe have also been supportive, and pricing trends for cement have continued to improve. After the company's stock was listed in the US, the valuation discount compared to its peers has narrowed, which has helped stock performance.

Detractors from performance

Below are notable detractors from absolute return for the quarter:

Nestle's organic growth decelerated as inflation strained consumer budgets.

Roche's organic growth outlook was weak relative to expectations due to slower sales growth across key oncology drugs and currency pressure from a strong Swiss Franc.

Reckitt Benckiser experienced headwinds due to general consumer pressure, an accounting issue in one of the countries where it operates, and an adverse ruling in an infant formula lawsuit. As mentioned previously, we trimmed the fund's position during the quarter.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 11/03/97	NAV	4.84	4.84	14.03	1.82	4.70	3.07	8.47
	Max. Load 5.5%	-0.92	-0.92	7.75	-0.08	3.52	2.49	8.24
Class R6 shares inception: 04/04/17	NAV	4.93	4.93	14.49	2.20	5.09	3.34	-
Class Y shares inception: 10/03/08	NAV	4.90	4.90	14.31	2.07	4.96	3.33	6.15
MSCI Europe Index (USD)		5.23	5.23	14.11	6.19	7.96	4.44	-
Total return ranking vs. Morningstar Europe Stock category (Class A shares at NAV)		-	-	56% (48 of 86)	77% (62 of 86)	92% (79 of 84)	90% (46 of 52)	-

Expense ratios per the current prospectus: Class A: Net: 1.42%, Total: 1.42%; Class R6: Net: 1.04%, Total: 1.04%; Class Y: Net: 1.17%, Total: 1.17%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.invesco.com) for the most recent month-end performance. Performance figures reflect reinvested distributions and changes in net asset value (NAV). Investment return and principal value will vary so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Index source: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	-6.21	4.57	-2.75	26.90	-18.84	24.50	-0.08	14.15	-21.70	19.66
Class R6 shares at NAV	-6.21	4.57	-2.75	27.25	-18.50	24.91	0.32	14.57	-21.41	20.12
Class Y shares at NAV	-5.98	4.82	-2.49	27.19	-18.61	24.81	0.17	14.47	-21.54	19.96
MSCI Europe Index (USD)	-6.18	-2.84	-0.40	25.51	-14.86	23.77	5.38	16.30	-15.06	19.89

Portfolio characteristics*

	Fund	Index
No. of holdings	53	421
Top 10 issuers (% of AUM)	30.99	22.61
Wtd. avg. mkt. cap (\$M)	94,143	116,189
Price/earnings	17.51	14.70
Price to book	2.75	2.17
Est. 3 – 5 year EPS growth (%)	8.60	8.75
ROE (%)	18.59	16.78
Long-term debt to capital (%)	28.62	33.70
Operating margin (%)	19.21	19.44

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-2.92	0.00
Beta	1.01	1.00
Sharpe ratio	0.13	0.31
Information ratio	-0.66	0.00
Standard dev. (%)	20.27	19.46
Tracking error (%)	4.93	0.00
Up capture (%)	95.31	100.00
Down capture (%)	104.80	100.00
Max. drawdown (%)	36.77	28.83

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.04	0.39	0.35
Consumer Discretionary	0.07	-0.67	-0.59
Consumer Staples	0.09	-0.34	-0.25
Energy	0.09	0.04	0.12
Financials	-0.12	-1.07	-1.19
Health Care	-0.03	0.64	0.60
Industrials	0.22	-0.12	0.10
Information Technology	-0.15	-0.11	-0.26
Materials	0.09	0.70	0.79
Real Estate	-0.01	0.13	0.12
Utilities	0.54	0.00	0.54
Cash	-0.06	0.00	-0.06
Total	0.66	-0.41	0.25

Holdings are subject to change and are not buy/sell recommendations. Attribution methodology notes: The attribution provides analysis of the effects of several portfolio management decisions, including allocation and security selection. Securities classified as "Other" may include non-equity securities, derivatives, and securities for which a sector classification may not be appropriate. The portfolio is actively managed and portfolio holdings are subject to change. The percentage weights represented for the portfolio are dollar weighted based on market value. **Market allocation effect** shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Selection effect** shows the excess contribution due to security selection. A positive selection effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Total effect** is the difference in contribution between the benchmark and portfolio. **Past performance does not guarantee future results.**

Region performance analysis (%)

Region	Allocation effect	Selection effect	Total effect
Developed	0.00	0.47	0.47
Asia/Pacific Ex Japan	0.15	0.00	0.15
Europe	-0.04	-0.16	-0.20
North America	-0.57	1.09	0.52
Emerging	0.43	-0.59	-0.16
Europe	-0.14	0.00	-0.14
Latin America	-0.01	0.00	-0.01
Cash	-0.06	0.00	-0.06
Total	0.37	-0.12	0.25

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
United States	0.52	9.44	8.51
Switzerland	0.32	4.92	-2.28
Sweden	0.27	7.75	6.21
Denmark	0.26	4.94	23.01
Finland	0.16	0.00	0.00

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
Germany	-0.54	3.62	-2.68
Italy	-0.52	5.29	1.80
Spain	-0.38	2.24	-5.84
Netherlands	-0.16	11.97	9.40
Hungary	-0.14	2.90	0.36

Unless otherwise specified, all information is as of 03/31/24. Unless stated otherwise, Index refers to MSCI Europe Index (USD).

• On February 28, 2022, Invesco European Growth Fund was renamed Invesco EQV European Equity Fund. Please see prospectus for more information.

The MSCI Europe Index is an unmanaged index considered representative of European stocks. An investment cannot be made directly in an index.

About risk

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty, and management risks. An investment in a derivative could lose more than the cash amount invested.

The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified investments.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

Stocks of small and medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

The fund is subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the fund.

The opinions expressed are those of the fund's portfolio management, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Note: Not all products available at all firms. Financial professionals, please contact your home office.

The fund holdings are organized according to the Global Industry Classification Standard, which was developed by and is the exclusive property and service mark of MSCI Inc. and Standard & Poor's.

* **Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period. **Weighted Average Market Cap** is a measure of the average size of company held in a portfolio. The percentage of the portfolio invested each company, or its weight, is multiplied by its size (market capitalization). An average of the weighted size of all companies held is then calculated. **Price/earnings** measures the price per share relative to the earnings per share of the company while excluding extraordinary items. **Price to book** measures the firm's capitalization (market price) to book value. **Est. 3-5 year EPS (Earning per share) growth** measures the earning per share growth from FY3 to FY5. **ROE** is the Return on Equity that measures the fund's annual return relative to total shareholders' equity. This ratio evaluates how quickly investments can be turned into profits. **Long-term debt to capital** measures a fund's financial leverage by calculating the proportion of long-term debt used to finance its assets relative to the amount of equity used for the same purpose. A higher ratio indicates higher leverage. **Operating margin** measures the profit a fund makes for every dollar of sales after paying the variable expenses. **Contribution to Return** measures the performance impact from portfolio holdings over a defined time period. It takes into account both weight and performance of the portfolio holdings. Contribution to Return is calculated at security level.

Morningstar

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Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.